



## CRB: Turn the Extra \$13,000 Into Lifelong Passive Income

### Description

The Canada Recovery Benefit (CRB) kicks off this month. Millions of Canadians across the country are expected to benefit from this expanded benefit program. However, like the Canada Emergency Relief Benefit (CERB) that preceded it, the CRB is also temporary. Benefits could end by next year — unless you use some of the payments to create passive income.

Here's how setting some of your CRB payments aside could put you on the path to financial freedom over the long term.

### Total CRB payments

According to the government and Canada Revenue Agency (CRA), the CRB program is planned for a full year. However, any successful applicant can expect a maximum of 26 weekly payments.

That means anyone eligible for CRB can expect a maximum of \$13,000 in benefit payments.

### Saving CRB

Of the \$13,000 maximum amount, the CRA intends to hold 10% back in taxes. That means the total cash available for any applicant is \$11,700. Setting aside 10% or 15% of this could create a nest egg that you can deploy into robust stocks to boost your wealth and ultimately create passive income.

### Passive-income investing

Traditionally, passive-income strategies are based on high-yield dividend stocks. However, since the amount you save from CRB payments isn't likely to be more than a couple thousand dollars, your passive-income strategy should focus on dividend *growth*.

Dividend-growth stocks, such as **Canadian Utilities** ([TSX:CU](#)), offer a combination of regular cash flows and long-term growth. In other words, these companies are growing income stocks — the best of both worlds.

Canadian Utilities stock already provides a lucrative dividend yield: 5.2%. A six-figure portfolio invested in this stock could easily cover all your living expenses throughout the year. However, even if you don't have a six-figure asset base, Canadian Utilities promises robust long-term growth that could enhance your passive income in the future.

The natural gas and electricity provider's business is expanding based on three factors. First, Canada's growing population is creating more demand for energy. Second, it's making acquisitions of smaller electricity producers. And finally, there's the potential for international expansion.

The team already has assets worth \$20 billion spread across the world, with facilities in Chile, Australia, and Puerto Rico. These growth drivers mentioned above have helped the company expand dividends by an average of 5% every year for the past 48 years — an unbelievable record!

Investing even \$1,000 in this dividend-growth stock from your spare CRB payments could help you generate passive income forever.

## Bottom line

The CRB is a critical lifeline for millions of Canadians. This new payment will help families stave off financial distress while the economy hopefully recovers. However, nothing is predictable in this crisis. Canadians should use this extra \$13,000 benefit to create their own safety net.

I believe setting aside a portion of the CRB payments and investing it in robust dividend-growth stocks is a savvy move for any Canadian saver. My top pick is Canadian Utilities, a Dividend Aristocrat that's more likely to sail through this crisis unaffected.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)

## PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

**Category**

1. Investing

**Date**

2025/08/26

**Date Created**

2020/10/11

**Author**

vraisinghani

default watermark

default watermark